

**PUBLIC DISCLOSURE**

OCTOBER 15, 2000

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

METROWEST BANK

15 PARK STREET  
FRAMINGHAM, MA 01701

DIVISION OF BANKS  
ONE SOUTH STATION  
BOSTON, MA 02110

<p><b>NOTE:</b> This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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## GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **MetroWest Bank** (MetroWest) prepared by the Massachusetts Division of Banks, the institution's supervisory agency, as of **October 15, 2000**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than by individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

**INSTITUTION'S CRA RATING: This institution is rated "High Satisfactory "**

The High Satisfactory rating was based on three performance criteria: the Lending Test, the Investment Test, and the Service Test and covers the period January 1, 1999 through October 15, 2000.

Ratings for each of the three tests are identified on page 3. MetroWest Bank's lending levels reflect a good responsiveness to its assessment area's credit needs. The bank originated 64.1% of its small business loans as well as 69.1% of its residential mortgage loans within its assessment area. The geographic distribution of loans reflects an adequate penetration throughout the assessment area. A review of the bank's lending to small businesses by business size indicates a strong level of performance. The lending distribution by borrower profile shows good penetration among customers of various income levels, especially when compared to the aggregate. The bank's community development lending is adequate and has contributed to economic and community development in the assessment area. The bank's use of innovative and flexible-lending products was considered good and meets the assessment area's credit needs, particularly those of low and moderate-income individuals and small businesses.

MetroWest Bank has an adequate level of qualified community development investments and grants, and has exhibited a reasonable responsiveness to community economic development investment needs.

MetroWest Bank's delivery systems are readily accessible to all portions of the assessment area. The bank has developed services that benefit low and moderate-income individuals and small businesses. Bank personnel have achieved a significant level of qualified community services through participating in community development initiatives while making their own personal contributions through volunteer efforts in a variety of public service, charitable, and youth organizations.

## **LENDING, INVESTMENT, AND SERVICE TEST TABLE**

<b>PERFORMANCE TESTS MetroWest Bank</b>			
<b>Performance Levels</b>	Lending Test*	Investment Test	Service Test
Outstanding			<b>X</b>
High Satisfactory	<b>X</b>		
Satisfactory		<b>X</b>	
Needs to Improve			
Substantial Non-Compliance			

\*Note: The Lending Test is weighed more heavily than the Service and Investment Tests when arriving at an overall rating.

### **PERFORMANCE CONTEXT**

#### **Description of Institution**

MetroWest Bank, a stock owned savings bank was originally founded as Farmers and Mechanics Savings Bank under the laws of the Commonwealth of Massachusetts in 1883. In 1961, the name of the bank was changed to Framingham Savings Bank. In 1996, the bank name was changed to MetroWest Bank.

As of its September 30, 2000, FDIC Quarterly Call Report, MetroWest Bank had \$864,168,000 in total assets. Of these total assets, approximately \$559,112 or 64.7 percent were in the form of loans.

The bank's loan portfolio consists of residential mortgage loans, commercial real estate loans, construction and land development loans, home equity loans, commercial loans and consumer loans including automobile, and personal loans. MetroWest Bank's primary focus is in the commercial area. Refer to the following table for the distribution of the bank's loan portfolio.

#### **Loan Portfolio Composition**

<b>Loan Type</b>	<b>Amount (000s)</b>	<b>Percent</b>
Residential Mortgages	\$125,061	22.4%
Consumer Loans	\$4,662	0.8%
Commercial Real Estate	\$253,075	45.3%
Construction and Land Development Loans	\$56,801	10.2%
Commercial Loans	\$34,283	6.1%
Equity Lines of Credit	\$56,106	10.0%
Multifamily (5 or more) Residential Properties	\$29,124	5.2%
<b>Total Gross Loans</b>	<b>\$559,112</b>	<b>100.0%</b>

Source: September 30, 2000 Consolidated Report of Condition.

The bank sells all fixed rate loans in the secondary market to FNMA. In 1999, the bank sold 117 loans totaling \$14,339,950. As of YTD September 30, 2000 MetroWest Bank sold 9 loans totaling \$1,236,000.

MetroWest Bank operates in a very competitive market. Local competitors include credit unions, cooperative banks, savings banks, and commercial banks, as well as numerous regional and out of state national mortgage and finance companies. According to PCI Services Inc. CRA Wiz, there are 528 lenders competing for loan business in the bank's assessment area. The market influence from these institutions appears to be significant, and as a result serves to keep the bank's rates and services offered competitive.

Market share information obtained from CRA WIZ, based on 1999 aggregate performance data indicates that the bank ranked 43rd in total originations within its assessment area. Further, the bank ranked 14th in lending to low and moderate-income applicants and 32nd in lending in low and moderate-income census tracts within its assessment area.

The bank has a CRA Committee comprised of the Vice President of Retail Lending and Compliance/CRA Officer (Committee Chairperson); the Chairman of the Board of Directors; the President & COO; the Vice President of Loan Review; the Assistant Vice President of Marketing and the Assistant Vice President of Retail Operations. The CRA Committee is responsible for overseeing the bank's CRA and fair lending efforts.

The Federal Deposit Insurance Corporation (FDIC) last examined the bank's performance with respect to the Community Reinvestment Act (CRA) on June 16, 1999. That examination resulted in an overall rating of Satisfactory. The Division of Banks last examined the bank's performance with respect to CRA on December 22, 1997. That examination resulted in an overall rating of High Satisfactory.

The bank's ability to meet the credit needs of the assessment area remains strong based on its resources and size. Furthermore, there are no legal impediments inhibiting the bank's ability to meet those needs.

## **Description of Framingham**

The town of Framingham, with a population of 65,000, is located midway between Boston and Worcester and is the hub of the Metrowest region. Currently, the major town employers are primarily non-manufacturing companies, including medical, retail, educational, office and biotechnical activities.

## **Description of Assessment Area**

### **Overview**

The Community Reinvestment Act (CRA) requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The Office of Management and Budget establishes Metropolitan Statistical Areas (MSAs) for statistical reporting purposes by federal agencies. The bank's assessment area contains 22 cities and towns located in the Boston, and Worcester MSAs. On September 27, 2000, the bank opened a Loan Production Office (LPO) with an Automated Teller Machine (ATM) on Broad Street in Boston's Financial District. The new LPO is located in census tract #0303.00 and was added to the bank's assessment area. This census tract is not contiguous to the bank's assessment area and therefore creates an additional assessment area. However, this census tract was not included in the analysis conducted during this examination due to lack of activity and timing of the examination.

MetroWest Bank's assessment area consists of the following cities and towns:

- Boston MSA: Framingham, Ashland, Holliston, Milford, Natick, Southborough, Sudbury, Hopkinton, Marlborough, Medway, Needham, Wellesley, Wayland, Sherborn, Concord, Weston, Lincoln, Waltham, and Newton.
- Worcester MSA: Westborough, Northborough, and Shrewsbury.

The assessment area is comprised of 102 census tracts. Of these census tracts, 10 or 9.8% are designated as moderate-income; 33, or 32.4% as middle-income; 58 or 56.9% as upper-income, and 1 or 0.9% as NA. There are no low-income census tracts in the bank's assessment area. The moderate-income census tracts are located in Waltham (4), Milford (3), Framingham (1) Marlborough (1) and Lincoln (1).

A review of the census tract demographics revealed that the census tract with no income designation (3882.98) is a golf course located in Marlborough. It should be noted that the census tract with no income designation is not used in the analysis of the bank's lending activity. Hanscom Airforce Base occupies moderate-income census tract 3601.00 located in the town of Lincoln. Therefore, business and residential lending opportunities are limited in those tracts.

Housing information obtained from CRA WIZ, based on 1990 census data, indicated that there are 194,299 housing units within the assessment area, of which 64.1% are owner-occupied. Refer to the following table for more information.

### **ASSESSMENT AREA HOUSING SUMMARY\***

TOTAL HOUSING UNITS		OWNER-OCCUPIED UNITS		RENTAL OCCUPIED UNITS		VACANT HOUSING UNITS	
#	%	#	%	#	%	#	%
194,299	100.0	124,608	64.1	61,143	31.5	8,548	4.4

\* Based on 1990 Census Data.

Of the above housing units, approximately 80.3% are one to four-family homes and 18.5% are multi-family (five and more units) units. The median year the housing stock was built is 1955, and the weighted median housing value is \$228,102.

Income information obtained from CRA WIZ, based on 1990 census data, for the assessment area indicated a median family income of \$64,354 based upon 185,716 households. Approximately, 15.7% of these households are considered low-income and 12.8% are moderate-income.

The November 13, 2000 edition of the Bankers & Tradesman indicates that the average median home price in Middlesex County for the third quarter 2000 was \$262,000. This is a 13.9% increase for the same period during the prior year. It should be noted that Middlesex County includes 14 of the 22 towns within the bank's assessment area. The median home price for the third quarter of 2000 in Framingham was \$217,600. This represents a 12.2% increase over the third quarter of 1999.

A demographic analysis of the moderate-income census tracts within the assessment area was performed during the examination. Of the total housing units located in these census tracts, 66.8% are rental units. Given the high percentage of rental units, lending opportunities in these census tracts are limited.

## Community Contacts

Two community contact meetings conducted during the examination provided relevant information on the assessment area. The contacts were made in Waltham and Framingham and included an organization whose primary goals are to enhance the economic health of the city, and an organization whose primary goal is to provide safe, decent and affordable housing. One of the executive directors indicated a need for financing to revitalize the downtown Framingham area.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

### LENDING TEST

The lending test evaluates a bank's record of helping to meet the credit needs of its assessment area through its lending activities by considering a bank's home mortgage,



small business, small farm and community development lending. The bank's lending performance is determined by factors such as the volume of the institution's loans within its assessment area, particularly to low and moderate-income borrowers and geographies; the amount of small business loans originated to businesses with annual revenues of \$1 million or less; the institution's responsiveness to community development lending; the use of innovative and flexible lending practices; fair lending policies and practices; and the effects of the institution's lending on affordable housing. Based on these factors, MetroWest Bank's lending performance receives an overall rating of **High Satisfactory**. The following details the data compiled and reviewed, as well as conclusions on the bank's performance. Performance under the lending test is weighed more heavily than the investment and service tests when arriving at an overall rating.

## ***I. Lending Activity***

MetroWest Bank's lending activity and record of extending credit were reviewed during the course of the examination.

The bank's lending levels reflect a good responsiveness to the assessment area's credit needs. The bank's assets totaled \$864,167,525 as of September 30, 2000. Gross loans totaled \$559,112,000, representing 64.7 percent of total assets.

As of September 30, 2000 the net loan to deposit ratio was 81.2 percent. This ratio has decreased from 89.6 percent on September 30, 1999. The decrease in this ratio is a result of an increase in deposits of 17.3 percent while net loans increased by only 6.4 percent. According to the June 30, 2000 Uniform Bank Performance Report (UBPR), the bank's net loan to deposit ratio was 84.0 percent. The peer group's net loan to deposit ratio was 88.4 percent, placing the bank in the 41st percentile.

The bank's net loans and leases as a percent of assets, as reported in the June 30, 2000, Uniform Bank Performance Report (UBPR), was 65.3 percent. The peer group's net loan to asset ratio was 66.7 percent, placing the bank in the 41st percentile. The bank's ratio is lower than the peer, however, it should be noted that the UBPR determines a peer ratio based on similarly sized banks nationwide without regard to regional or state differences.

MetroWest Bank's volume of lending was considered significant for a bank of its size. While the bank made a good number of small business loans in total (273) and a good number of HMDA-reportable loans (343) during the period examined, its production of home equity lines of credit was substantial, with 1228 equity loans in total during the two year period examined.

## ***II. Geographic Distribution***

### **Small Business Lending**

MetroWest Bank's 1999 and year-to date 2000 Small Business Loan Registers (SBLRs) were reviewed to determine the amount of credit extended within the assessment area. For purposes of this loan register, a small business loan is defined as "a loan with an original amount of \$1 million or less that is: secured by non-farm

nonresidential properties; or commercial and industrial loans to US addressees, as defined in the FDIC Call Report Instructions.” The bank originated 273 small business loans totaling \$42,299,000 during this period. A total of 175 loans totaling \$26,422,000 were originated to businesses within the bank’s assessment area, representing 64.1 percent by number and 62.5 percent by dollar volume.

Refer to the following tables for additional information regarding the bank’s small business lending, by both number and dollar volume.

### **Small Business Loans by Number of Originations**

Location	1999		YTD 2000		Totals	
	#	%	#	%	#	%
Inside Assessment Area	105	58.7%	70	74.5%	175	64.1%
Outside Assessment Area	74	41.3%	24	25.5%	98	35.9%
<b>Total</b>	<b>179</b>	<b>100.0%</b>	<b>94</b>	<b>100.0%</b>	<b>273</b>	<b>100.0%</b>

Source: Small Business Loan Registers for the period 1/1/99 to 09/08/00.

### **Small Business Loans by Dollar Volume of Originations**

Location	1999		YTD 2000		Totals	
	\$ (000)	%	\$ (000)	%	\$ (000)	%
Inside Assessment Area	15,450	54.5%	10,972	78.6%	26,422	62.5%
Outside Assessment Area	12,888	45.5%	2,989	21.4%	15,877	37.5%
<b>Total</b>	<b>28,338</b>	<b>100.0%</b>	<b>13,961</b>	<b>100.0%</b>	<b>42,299</b>	<b>100.0%</b>

Source: Small Business Loan Registers for the period 1/1/99 to 09/08/00.

As shown in the above tables, the small business loan distribution reflects an adequate responsiveness to the assessment area’s credit needs.

### **HMDA-Reportable Lending**

MetroWest Bank’s 1999, and YTD September 8, 2000 Loan Application Registers (LARs) were reviewed to determine the amount of credit extended within the bank’s assessment area. During this period, the bank originated 343 HMDA-reportable loans totaling \$75,748,000. Of this amount, 237 loans, or 69.1 percent of the number and \$50,030,000 or 66.0 percent of the dollar volume were within the bank’s assessment area.

By number, the city of Framingham, accounted for the largest number of originations with 23.9 percent, followed by Ashland with 7.0 percent. Framingham also accounted for the largest dollar volume of originations with 15.8 percent, followed by Newton with 8.0 percent.

Refer to the following tables for additional information regarding the bank's HMDA-reportable lending, by both number and dollar volume.

#### **HMDA-Reportable Loans by Number of Origination**

Location	1999		YTD-2000		Totals	
	#	%	#	%	#	%
Inside Assessment Area	165	71.1%	72	64.9%	237	69.1%
Outside Assessment Area	67	28.9%	39	35.1%	106	30.9%
<b>Total</b>	<b>232</b>	<b>100.0%</b>	<b>111</b>	<b>100.0%</b>	<b>343</b>	<b>100.0%</b>

Source: HMDA/LAR Data for the period 1/1/99 to 09/08/00

#### **HMDA-Reportable Loans by Dollar Amount of Origination**

Location	1999		YTD-2000		Totals	
	\$(000)	%	\$(000)	%	\$(000)	%
Inside Assessment Area	32,886	69.0%	17,144	61.0%	50,030	66.0%
Outside Assessment Area	14,753	31.0%	10,965	39.0%	25,718	34.0%
<b>Total</b>	<b>47,639</b>	<b>100.0%</b>	<b>28,109</b>	<b>100.0%</b>	<b>75,748</b>	<b>100.0%</b>

Source: HMDA/LAR Data for the period 1/1/99 to 09/08/00

As indicated in the tables above, the majority of HMDA reportable loans originated in 1999, and year-to-date 2000 were inside the bank's assessment area.

#### **Home Equity Lines of Credit**

A review of MetroWest Bank's CRA Data Listing for Home Equity Lines of Credit for 1999 and year-to-date September 8, 2000 was conducted. For the period under review, the bank originated 1228 lines of credit of which 964 loans or 78.5 percent were originated within the bank's assessment area.

Refer to the following tables for additional information regarding the bank's home equity lines of credit, by both number and dollar volume.

#### **Home Equity Loans by Number of Originations**

Location	1999		YTD 2000		Totals	
	#	%	#	%	#	%
Inside Assessment Area	746	78.3%	218	79.3%	964	78.5%
Outside Assessment Area	207	21.7%	57	20.7%	264	21.5%
<b>Total</b>	<b>953</b>	<b>100.0%</b>	<b>275</b>	<b>100.0%</b>	<b>1,228</b>	<b>100.0%</b>

Source: Home Equity Line Registers for the period 1/1/99 to 09/08/00.

#### **Home Equity Loans by Dollar Volume of Originations**

Location	1999		YTD 2000		Totals	
	\$ (000)	%	\$ (000)	%	\$ (000)	%
Inside Assessment Area	47,458	77.0%	12,304	76.4%	59,762	76.8%
Outside Assessment Area	14,206	23.0%	3,810	23.6%	18,016	23.2%
<b>Total</b>	<b>61,664</b>	<b>100.0%</b>	<b>16,114</b>	<b>100.0%</b>	<b>77,778</b>	<b>100.0%</b>

Source: Home Equity Line Registers for the period 1/1/99 to 09/08/00.

As indicated in the above tables, the majority of loans, by both number and dollar amount, from January 1, 1999 to September 8, 2000, were originated inside the bank's assessment area.

The bank's geographic distribution of small business loans, residential loans, and home equity lines of credit is considered good.

### ***III. Distribution by Census Tract Income Level***

#### **Small Business Lending**

The bank's small business loans were analyzed to determine the distribution by census tract income level within its assessment area.

The following table depicts this distribution.

#### **Distribution of Small Business Loans within the Assessment Area by Census Tract Income Level**

Census Tract Income Level	1999		YTD 2000		Total	
	#	%	#	%	#	%
Moderate	5	4.7%	3	4.3%	8	4.6%
Middle	45	42.9%	28	40.0%	73	41.7%
Upper	55	52.4%	39	55.7%	94	53.7%
<b>Total</b>	<b>105</b>	<b>100.0%</b>	<b>70</b>	<b>100.0%</b>	<b>175</b>	<b>100.0%</b>

Source: Small Business Loan Registers for the period 1/1/99 to year-to-date 09/08/00.

As shown above, the bank originated 4.6 percent of its small business loans in moderate-income census tracts by number. The majority of small business loans were extended to businesses in upper-income census tracts.

#### **HMDA-Reportable Lending**

The geographic distribution of lending within MetroWest Bank's assessment area was reviewed in order to determine the extent to which the bank has been able to penetrate low-, moderate-, middle-, and upper-income geographies. Included are residential mortgage loans as reported on the bank's HMDA/ LAR. The review covered the period from January 1, 1999 to September 8, 2000.

As stated in the performance context, for purposes of this analysis the assessment area consists of 101 census tracts with the following composition: 10 or 9.9% are moderate-income, 33 or 32.7% are middle-income, and 58 or 57.4% are upper-income. Of the 10 moderate-income census tracts, 4 are located in Waltham, 3 are located in Milford, and 1 each is located in Framingham, Marlborough, and Lincoln.

The census tract designated as N/A was not used to evaluate the bank's performance in this category due to the extremely limited lending potential, as described in the performance context.

The following tables provide a breakdown of MetroWest Bank's residential loan originations (by number) within the assessment area by census tract income level. The table also shows the number of loans in comparison to the number of owner-occupied housing units in each census tract income category.

**Distribution of HMDA-Reportable Loans within the Assessment Area by Census Tract Income Level**

Census Tract Income Level	Owner-Occupied Housing Units		1999		YTD 2000		Total	
	#	%	#	%	#	%	#	%
Moderate	5,488	4.4%	13	7.9%	2	2.8%	15	6.3%
Middle	37,818	30.3%	51	30.9%	26	36.1%	77	32.5%
Upper	81,302	65.3%	101	61.2%	44	61.1%	145	61.2%
Total	124,608	100.0%	165	100.0%	72	100.0%	237	100.0%

Source: HMDA/LAR Data for the period 1/1/99 to 09/08/00.

As shown in the above table, 6.3 percent of the bank's total loans for 1999 and year to date 2000 were originated within moderate-income census tracts. The distribution of loans in moderate-income census tracts exceeds the percentage of owner-occupied housing units in these areas. This percentage is significant, given the limited lending opportunities in these areas. As noted previously, there are very few owner-occupied properties in moderate-income census tracts in the bank's assessment area.

The geographic distribution of loans by census tract income category may also be compared to that of all other HMDA-reportable lenders in the assessment area. Other HMDA-reporters include bank and non-bank entities such as large national banking companies, other local banks, credit unions, and mortgage companies. The most recent data available for this analysis pertains to calendar year 1999 and is presented in the following table.

**Distribution of HMDA-Reportable Loans within the Assessment Area by Census Tract Income Level**  
**MetroWest Bank Compared to All Other HMDA Reporters**

Census Tract Income Level	Number of Loans	Dollar Amount of Loans
	11	

	MetroWest Bank		All Other Reporters		MetroWest Bank		All Other Reporters	
	#	%	#	%	\$(000)	%	\$(000)	%
Moderate	13	7.9%	1,511	4.9%	1,051	3.2%	190,037	3.0%
Middle	51	30.9%	9,718	31.4%	6,951	21.1%	1,457,334	22.9%
Upper	101	61.2%	19,689	63.6%	24,884	75.7%	4,711,799	74.0%
NA	-	-	2	0.1%	-	-	230	0.1%
Total	165	100.0%	30,920	100.0%	32,886	100.0%	6,359,400	100.0%

Source: HMDA/LAR Data for the period 1/1/99 to 12/31/99.

As demonstrated above, the percentage of the bank's lending in moderate-income census tracts, by both number and dollar amount exceeds the aggregate. The percentage of MetroWest Bank's lending activity in moderate-income census tracts was 7.9 percent by number and 3.2 percent by dollar amount in 1999. In comparison, the aggregate originated 4.9 percent by number and 3.0 percent by dollar amount in moderate-income census tracts.

### Home Equity Lines of Credit

The bank's home equity lines of credit were also analyzed to determine the distribution by census tract income level within its assessment area.

The following table depicts this distribution.

#### **Distribution of Home Equity Lines of Credit within the Assessment Area by Census Tract Income Level**

Census Tract Income Level	1999		YTD 2000		Total	
	#	%	#	%	#	%
Moderate	11	1.5%	4	1.8%	15	1.6%
Middle	176	23.6%	61	28.0%	237	24.6%
Upper	559	74.9%	153	70.2%	712	73.8%
Total	746	100.0%	218	100.0%	964	100.0%

Source: Home Equity Line Register for the period 1/1/99 to year-to-date 09/08/00.

Based on the above information, the bank's distribution of HMDA-reportable loans, small business loans and home equity lines of credit by census tract income level reflects an adequate dispersion of loans throughout the assessment area.

### **IV. Borrower Characteristics**

#### **Small Business Lending**

The small business loans originated within the bank's assessment area in 1999 and year-to-date 2000 were further analyzed to determine the typical loan amount at origination. According to this analysis, a total of 111 loans or 63.4 percent of small business loans originated in the bank's assessment area during this time period had

original loan amounts of \$100,000 or less. The following table depicts the distribution of small business loans within the bank's assessment area by loan amount at origination.

**Number of Small Business Loans within the Assessment Area  
at Origination**

Loan Amount	1999		YTD 2000		Total	
	#	%	#	%	#	%
< = \$100,000	68	64.8%	43	61.5%	111	63.4%
> \$100,000 and < = \$250,000	17	16.2%	12	17.1%	29	16.6%
\$250,000 - \$1 million	20	19.0%	15	21.4%	35	20.0%
Total	105	100.0%	70	100.0%	175	100.0%

Source: Small Business Loan Registers for the period 1/1/99 to year-to-date 09/08/00.

Conversely, by dollar amount, 13.9 percent of the loans had amounts less than or equal to \$100,000 and 19.3 percent had loan amounts between \$100,000 and \$250,000. The remaining 66.8 percent had loan amounts greater than \$250,000.

Small business loans originated within the bank's assessment area, during this period, were also analyzed to determine the distribution among businesses of various sizes. The majority of small business loans originated during this period were granted to small businesses whose annual revenues were less than or equal to \$1 million. The following table depicts the distribution of small business loans within the bank's assessment area by revenues of the business.

**Number of Small Business Loans within the Assessment Area  
By Revenues of the Business**

Annual Business Revenues	1999		YTD 2000		Total	
	#	%	#	%	#	%
< = \$1,000,000	64	61.0%	39	55.7%	103	58.9%
> \$1,000,000	41	39.0%	31	44.3%	72	41.1%
Total	105	100.0%	70	100.0%	175	100.0%

Source: Small Business Loan Registers for the period 1/1/99 to year-to-date 09/08/00.

By dollar amount, 43.9 percent of the loans went to businesses that had annual revenues less than or equal to \$1 million dollars and 56.1 percent went to businesses that had annual revenues greater than \$1 million dollars.

### **HMDA-Reportable Lending**

MetroWest Bank's residential loans were further analyzed to determine the distribution of lending by borrower income level. Borrowers reported incomes were compared to the median family incomes of the Boston and Worcester Metropolitan Statistical Areas (MSA). The income figures are based on estimated Department of Housing and Urban Development (HUD) information. The estimated incomes in the Boston MA-NH MSA

for 1999 and 2000 are \$62,700 and \$65,500, respectively. The estimated incomes for the Worcester MA-CT MSA for 1999 and 2000 are \$52,600 and \$54,400, respectively.

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median family income level for the MSA. Upper-income is defined as income equal to or greater than 120 percent of the median family income level for the MSA.

The following table shows the number of HMDA-reportable loans to low, moderate, middle and upper-income borrowers in comparison to the number of families in the assessment area in each respective income group.

**Distribution of HMDA-Reportable Loans within the Assessment Area to Borrowers of Different Income Levels by Number**

<b>Borrower Income Level</b>	<b>Family Households</b>		<b>1999</b>		<b>YTD 2000</b>		<b>Total</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
< 50%	15,000	11.5%	12	7.3%	3	4.2%	15	6.3%
50 – 79%	18,145	13.8%	44	26.7%	6	8.3%	50	21.1%
80 – 119%	27,903	21.3%	43	26.1%	14	19.4%	57	24.1%
> = 120%	70,083	53.4%	64	38.8%	46	63.9%	110	46.4%
NA	-	-	2	1.1%	3	4.2%	5	2.1%
<b>Total</b>	<b>131,131</b>	<b>100.0%</b>	<b>165</b>	<b>100.0%</b>	<b>72</b>	<b>100.0%</b>	<b>237</b>	<b>100.0%</b>

Source: HMDA/LAR Data for the period 1/1/99 to 09/08/00

In 1999 and year to date September 8, 2000, MetroWest Bank extended a total of 15 loans to low-income borrowers representing 6.3 percent of the total loans originated within the assessment area. This percentage falls below the 11.5 percent of low-income families within the assessment area. However, this can be attributed in part to the fact that approximately 2.5% of families are living below the poverty level making it difficult to generate loans to low income individuals. Another mitigating factor is the high cost associated with purchasing a home in the area. The average cost of a home in the assessment area is \$226,000, which makes homeownership virtually impossible for many individuals. In addition, the town of Framingham has an owner-occupancy rate of only 54.2%. It should be noted the bank operates in a very competitive market place with approximately 528 lenders competing for loans in the assessment area.

MetroWest Bank originated 50 loans to moderate-income borrowers, representing 21.1 of the total originations within the assessment area. This percentage exceeds the 13.8 percent of households within the assessment area that are moderate-income.

The distribution of loans among borrowers of various income levels may also be compared to that of all other HMDA-reportable lenders in the assessment area. As previously mentioned, other HMDA-reporters include bank and non-bank entities such as large national banking companies, other local banks, credit unions and mortgage



companies. The most recent data available for this analysis relates to calendar year 1999 and is presented in the following table.

**Lending Within the Assessment Area to Borrowers of  
Different Income Levels  
MetroWest Bank Compared to All Other HMDA-Reporters**

Borrower Income Level	Number of Loans				Dollar Amount of Loans			
	MetroWest Bank		All Other Reporters		MetroWest Bank		All Other Reporters	
	#	%	#	%	\$(000)	%	\$(000)	%
< 50%	12	7.3%	856	2.8%	861	2.6%	82,587	1.3%
50 – 79%	44	26.7%	2,794	9.0%	4,177	12.8%	301,161	4.7%
80 – 119%	43	26.1%	5,256	17.0%	5,113	15.5%	734,671	11.6%
> = 120%	64	38.8%	16,061	51.9%	21,320	64.8%	3,915,503	61.6%
NA	2	1.1%	5,953	19.3%	1,415	4.3%	1,325,478	20.8%
Total	165	100.0%	30,920	100.0%	32,886	100.0%	6,359,400	100.0%

Source: HMDA Data for the period 1/1/99 to 12/31/99.

As shown above, MetroWest Bank's percentage of loans to low-income borrowers is higher than that of the aggregate by both number and dollar amount. MetroWest Bank originated 7.3 percent of its loans by number and 2.6 percent by dollar amount within the assessment area to borrowers of low-income, compared to the aggregate with 2.8 percent by number and 1.3 percent by dollar amount. HMDA-reportable loans to moderate-income borrowers accounted for 26.7 percent by number and 12.8 percent by dollar amount within the assessment area. Both number and dollar amount exceed that of the aggregate.

The distribution of HMDA-reportable loans by borrower income demonstrates the bank's willingness to lend to borrowers of all income levels, including those of low and moderate-income.

In 1999, MetroWest Bank ranked 14th in lending to low and moderate-income borrowers within its assessment area. The bank originated 56 HMDA-reportable loans to borrowers in these income groups, capturing 1.5 percent of the market. The top lenders to low and moderate-income borrowers were Countrywide Home Loans with 7.4 percent of the market; Fleet National Bank with 3.1 percent; Milford Federal Savings and Loan with 2.9 percent; Fleet Mortgage Corporation with 2.7 percent; and Bank of America with 2.6 percent of the market.

### **Home Equity Lines of Credit**

MetroWest Bank's home equity lines of credit originated within the bank's assessment area in 1999 and year-to-date 2000 were further analyzed to determine the distribution of lending by borrower income level at origination. A total of 41 home equity lines of credit were originated to low-income borrowers during the period under review representing 4.3 percent of the total number of loans. In addition, 103 of these loans or

10.7 percent were originated to moderate-income borrowers. The following table depicts the distribution of home equity lines of credit within the bank's assessment area to borrowers of different income levels.

**Distribution of Home Equity Lines of Credit within the Assessment Area to Borrowers of Different Income Levels by Number**

<b>Borrower Income Level</b>	<b>1999</b>		<b>YTD 2000</b>		<b>Total</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
< 50%	27	3.6%	14	6.4%	41	4.3%
50 – 79%	83	11.1%	20	9.2%	103	10.7%
80 – 119%	146	19.6%	41	18.8%	187	19.4%
> = 120%	485	65.0%	142	65.1%	627	65.0%
NA	5	0.7%	1	0.5%	6	0.6%
<b>Total</b>	<b>746</b>	<b>100.0%</b>	<b>218</b>	<b>100.0%</b>	<b>964</b>	<b>100.0%</b>

Source: Home Equity Line Register for the period 1/1/99 to 09/08/00

The review of MetroWest Bank's lending revealed that there is a good loan distribution among borrowers of different incomes. This review included residential lending as presented on MetroWest Bank's LARs, small business data, and home equity lines of credit.

#### ***IV. Community Development Lending***

Community development includes providing affordable housing for low and moderate-income individuals, promoting activities for economic development by financing small businesses, and lending that revitalizes or stabilizes low or moderate-income geographies. A community development loan is a loan that:

- Has as its primary purpose community development;
- Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family dwelling loan; and
- Benefits the bank's assessment area or a broader statewide or regional area that includes the assessment area.

MetroWest Bank has granted a reasonable level of qualified community development loans for an institution of its size. Described below are 3 loans totaling \$943,800. In addition, the bank extended a letter of credit in the amount of \$30,000.

#### **Advocates Inc.**

Advocates, Inc., founded in 1975, is a human service agency providing residential, respite, and psychiatric emergency services in more than sixty sites throughout the MetroWest area and beyond. The agency is based in Framingham, but delivers services to individuals and families as far north as Maynard, as far west as Worcester, as far south as Blackstone, and as far east as Dedham. The agency is a leading provider of intensive home-based intervention for children and families; outpatient

mental health and substance abuse services; community education and prevention services. Approximately, 65 percent of Advocates total revenue comes from the Commonwealth's Departments of Mental Health and Mental Retardation.

MetroWest Bank has provided this organization with three community development loans during the exam period under review.

### **Habitat for Humanity**

On March 6, 2000, the bank extended a letter of credit to Habitat for Humanity in the amount of \$30,000. Habitat for Humanity has reached an agreement with the Town of Framingham to take title to a city-owned piece of property in order to construct a single-family unit of low-income housing. As a condition of the transaction, the Town is requiring this letter of credit during construction.

## ***V. Innovative or Flexible Lending Practices***

MetroWest Bank designs and participates in a variety of loan programs aimed at meeting the credit needs of low and moderate-income homebuyers and small businesses. Details of these programs are as follows.

### **Small Business Lending**

MetroWest Bank participates in the Small Business Administration (SBA) lending programs, extending loans under the SBA 504-loan program.

The SBA 504 program provides for direct financing by the SBA of a portion of all small business loans originated under this program. The general loan structure involves 10 percent participation by the small business, 40 percent participation by a community development corporation, and 50 percent participation by the bank. During this review period, the bank originated one loan for \$293,075. MetroWest has also committed to another loan for \$412,500 under this program.

In 1999, MetroWest Bank introduced a new credit product to benefit small business owners. This product allows for loan amounts as low as \$1,000 and as high as \$10,000. These are loan amounts that small business owners do not always have access to. This product is a line of credit tied to a business checking account that requires all individuals with a 20 percent or more ownership of the business to sign as a guarantor. The credit decision is based on the strength and credit history of the guarantor not necessarily the performance of the small business. In 1999, MetroWest granted 33 loans totaling \$233,500. As of September 30, 2000, the bank has granted 37 loans for \$266,900.

### **Mortgage Loan Programs**

#### ***First Time Home Buyer Program***

MetroWest Bank offers an in-house first-time homebuyer program for owner-occupied one-to-four family properties. The program features discounted closing costs, waived

cash reserve requirements, higher qualifying debt ratios, and alternative credit requirements. During the period under review, the bank originated 65 loans totaling \$9,368,738.

### ***Secondary Market First Time Homebuyer Program***

MetroWest Bank also offers a first-time homebuyer program for owner-occupied one-to-four family properties that are underwritten using Federal National Mortgage Association (Fannie Mae) conforming standards. The program also features reduced appraisal and attorney's closing fees. From January 1, 1999 through September 30, 2000, MetroWest Bank originated 16 loans totaling \$2,292,175.

In addition to the programs mentioned above, the bank offers an array of other programs that are flexible in nature and are innovative. However, there was no activity in these programs during the examination period. MetroWest Bank offers a Homeownership Assistance Program and participates in the Fannie Mae Housing Impact Products.

### ***VI. Fair Lending Policies and Practices***

MetroWest Bank has a formal Community Reinvestment and Fair Lending Policy, which is reviewed by the Board of Directors annually. This policy in part considers the guidelines established by Regulatory Bulletin 2.3-101, the Division's Fair Lending Policy. Detailed below is the bank's fair lending performance.

### **STAFF TRAINING**

MetroWest Bank conducts in-house fair lending training. Lending officers and staff as well as retail banking platform staff view the training video, *Fair Lending Compliance-Understanding Equal Treatment*, from the Bankers Training and Consulting Company. In addition, new employees of the bank receive CRA training. Topics cover the purpose and regulations of the CRA.

### **STAFF COMPOSITION AND COMPENSATION**

According to 1990 Census data, the bank's assessment area contains a total population of 513,368 individuals, of whom 41,357 or 8.1% are minorities. The bank currently employs 211 individuals of whom 10.0% are minorities.

Currently, there are 38 bilingual employees to assist the non-English speaking customers and potential customers at the bank. Second languages include French, Polish, Portuguese, Arabic, Italian, German, Sinhalese, Hebrew, Chinese, Greek, Russian, Swedish, Hungarian, and Hindi.

The bank has two loan originators who are paid a base salary and commission based upon the dollar volume of loans originated.

## **OUTREACH**

The bank ascertains community credit needs through its support and involvement in community organizations. In an effort to determine the credit needs of the entire assessment area, including low and moderate-income neighborhoods and low and moderate-income individuals, bank officers, management and bank staff have developed relationships with many local community organizations. Refer to the service test of this examination for further details of these organizations.

## **CREDIT PRODUCTS AND UNDERWRITING STANDARDS**

Management periodically reviews its credit products and underwriting standards to ensure that the credit needs of the assessment area are being met. MetroWest offers flexible government subsidized and guaranteed loan programs. These products and programs are listed in the Innovative or Flexible Lending Practices section of this report.

## **MARKETING**

MetroWest Bank's marketing and advertising efforts are designed to reach all segments of the population within the assessment including low and moderate-income areas and individuals.

Print media is the primary method used to advertise the bank's products and services. The bank advertises regularly in newspapers and publications serving its assessment area. Some of the print media utilized include the Hispanic Yellow Pages, a publication serving the Spanish population; The MetroWest Daily News and the Milford Daily News, two daily community newspapers serving the communities of Framingham, Ashland, Holliston, Natick Sudbury, Needham, and Newton; The Worcester Telegram and Gazette and the Boston Globe West Weekly, two papers serving Worcester and the Boston metropolitan areas; and The Daily Brazil, a daily paper serving the Brazilian Community.

The bank periodically advertises on WBZ radio, a Boston based station that covers the MetroWest market area. Television advertising can also be placed on cable systems that broadcast in the lending area including AT&T/Media One and Greater Media.

In order to meet the needs of its entire assessment area, MetroWest Bank publishes brochures in Spanish and Portuguese. The Spanish and Portuguese brochures give potential customers information on checking accounts, banking services, fee schedules, and other general product information.

## **CREDIT EDUCATION**

The bank conducts and participates in educational seminars for First Time Homebuyers and low and moderate-income individuals within its assessment area. The purpose of these seminars is to educate individuals as to the credit products available that meet their specific needs. Please refer to the service test area for a detailed list of these seminars.

## **COUNSELING**

Credit application assistance is provided in a helpful and consistent manner. All aspects of the credit process are thoroughly explained to all applicants. All mortgage customers who are late with payments are provided with the HUD approved list of available credit counseling agencies. One such agency is the Consumer Credit Counseling Service of Massachusetts.

## **SECOND REVIEW PRACTICES**

All residential real estate and consumer loan applications that are slated for denial must be reviewed and countersigned by a second loan officer before the decision is communicated to the applicant. The countersignature of the second officer is contained in the individual's application file when adverse action is taken.

## **INTERNAL CONTROL PROCEDURES**

MetroWest Bank's Audit Department conducts a periodic audit on the bank's CRA performance with respect to the bank's Community Reinvestment Act Policy and various CRA regulations. The audit report is submitted to the CRA Committee and the Board.

## **MINORITY APPLICATION FLOW**

According to 1990 Census Data, the bank's assessment area contained a total population of 513,368 individuals of which 8.1% are minorities. The minority population is 3.0% Hispanic, 3.0% Asian, 1.9% Black, 0.1% American Indian and 0.1% Other.

A review of residential loan applications was conducted in order to determine the number of applications the bank received from minorities. From January 1, 1999, through September 8, 2000, the bank received 283 residential loan applications from within its assessment area. Of these, 237 or 83.7% were approved. During this period, 25 applications or 8.8% were received from minorities. MetroWest Bank's minority application flow appears consistent with the racial composition of its assessment area. Refer to the following tables for further details.

### **MetroWest Bank Residential Application Flow**

	<b>1999</b>		<b>2000-YTD</b>		<b>TOTALS</b>	
<b>RACE</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Native American	0	0.0	0	0.0	0	0.0
Asian	3	1.5	4	4.7	7	2.5
Black	2	1.0	2	2.2	4	1.4

Hispanic	5	2.5	1	1.2	6	2.1
Joint Race	5	2.5	1	1.2	6	2.1
Other	1	0.6	1	1.2	2	0.7
<b>TOTAL MINORITY</b>	<b>16</b>	<b>8.1</b>	<b>9</b>	<b>10.5</b>	<b>25</b>	<b>8.8</b>
White	174	88.3	70	81.4	244	86.3
NO INFO	7	3.6	7	8.1	14	4.9
<b>TOTAL APPLICATIONS</b>	<b>197</b>	<b>100.0</b>	<b>86</b>	<b>100.0</b>	<b>283</b>	<b>100.0</b>

SOURCE - CRA Wiz 1999 and YTD Sept. 8, 2000

An analysis was also performed comparing the bank's application flow levels in 1999 to all other HMDA-reporting lenders. This data indicated that the bank received 8.1% of its applications from minority applicants compared to 7.1% for all other lenders. The bank's performance is favorable. Refer to the following table for additional information.

**Residential Application Flow**  
**MetroWest Bank Compared to All Other HMDA-Reporters**

Race	MetroWest Bank		All Other Reporters	
	#	%	#	%
American Indian	0	0.0%	35	0.1%
Asian	3	1.5%	935	3.0%
Black	2	1.0%	241	0.8%
Hispanic	5	2.5%	324	1.0%
Joint	5	2.5%	404	1.3%
Other	1	0.6%	268	0.9%
<b>Total Minority</b>	<b>16</b>	<b>8.1%</b>	<b>2,207</b>	<b>7.1%</b>
White	174	88.3%	20,770	67.2%
No Information	7	3.6%	7,943	25.7%
<b>Total</b>	<b>197</b>	<b>100.0%</b>	<b>30,920</b>	<b>100.0%</b>

Source: HMDA Data for the period 1/1/99 to 12/31/99.

**VII. Loss of Affordable Housing**

The bank's participation in community development projects and government lending programs, along with its development of credit products with flexible lending criteria has assisted low and moderate-income individuals to remain in their neighborhoods.

**CONCLUSION (Lending Test)**

Taking into account the number and amount of small business, home mortgage, and home equity lines of credit originated, MetroWest Bank has demonstrated a good responsiveness to credit needs in its assessment area. A majority of the bank's loans are made within its assessment area and are adequately distributed throughout the communities, particularly within low and moderate-income geographies. The bank's lending also demonstrates a good distribution of loans among individuals of different income levels and businesses of different sizes. The institution has granted an adequate level of community development loans. Finally, the bank's fair lending performance was found to be satisfactory at this time. Therefore, the institution's lending performance receives an overall rating of High Satisfactory.

## **INVESTMENT TEST**

As defined under the revised CRA regulation, a qualified investment is a lawful investment, deposit, membership share or grant that has community development as its primary purpose. Community development includes affordable housing for low and moderate-income individuals, community services targeted to low and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, and activities that revitalize or stabilize low and moderate-income geographies. MetroWest is rated "Satisfactory" in this area. The following describes the institution's qualified investments.

### **Investments**

MetroWest Bank provided two \$50,000 investments to the revolving loan pools of two community organizations. Refer to the following for further details.

#### **Frederick A. Rubin Micro-Loan Fund (Rubin Fund)**

In 1997, MetroWest took a leadership role in establishing the Rubin Fund along with MetroWest Chamber of Commerce and a consortium of local banks. This fund provides financing to existing small businesses and start-up businesses located within the MetroWest Chamber's service area that have been unable to access credit through traditional banking avenues. The program encourages these businesses to apply for secured and unsecured loans from \$2,000 to \$10,000 through a simplified application process. The support from the Rubin Fund has helped create employment opportunities for the MetroWest area, benefiting low and moderate-income individuals and downtown Framingham's moderate-income census tract. To date, \$20,000 of MetroWest's \$50,000 commitment has been extended.

#### **MetroWest Momentum Program (MWMP)**

The MetroWest Momentum Program was established in 1990 as a subsidiary of the MetroWest Chamber of Commerce to support the recovery of the downtown areas that were severely affected by the economic downturn in the early 1990's. This organization's goals include fundraising to assist in the expansion of economic development and attracting new businesses to the region.



MetroWest Bank recognized the need to assist local governments and took the initiative along with three other local financial institutions by investing a total of \$200,000 in MWMP to provide funding for this organization's programs. This commitment demonstrates MetroWest's leadership role in assessing and responding to its assessment area's credit needs.

MetroWest Bank committed and funded \$50,000 towards the \$200,000 collaborative effort and currently has a \$17,000 outstanding balance in this participation loan.

### **Charitable Grants**

The bank has provided contributions to organizations that provide education and training, affordable housing, youth programs, and health and human services for individuals in need. The bank has also provided contributions to organizations that support community and economic development needs. In 1999, the bank provided \$24,825 in qualified contributions and grants, in support of entities that promote community development, as defined under the revised CRA regulation. As of YTD October 15, 2000, the bank contributed \$47,700 for community development purposes. The following are examples of these contributions:

- **Framingham Adult English as a Second Language Program:** This program promotes adult education and literacy in Framingham, which in turn fosters employment opportunities and economic development. The majority of the individuals served by this program are low and moderate-income individuals, who without the program would not be able to obtain employment commensurate with their job skill level.
- **South Middlesex Opportunity Council (SMOC):** This organization's goal is to help individuals attain economic self-sufficiency through its Adult Literacy programs. These programs offer GED preparation, and computer skill training. Many of the participants in the programs have been previously homeless and some are currently residing in one of SMOC'S shelters or transitional housing programs. The bank provided funding in 1999 for SMOC'S Adult Literacy programs.
- **Consumer Credit Counseling of Massachusetts:** This non-profit organization provides financial counseling and educational programs including seminars on budgeting, money management, and credit histories for families and individuals. The bank's contributions in 1999 and YTD 2000 include the costs associated with credit education seminars.
- **Habitat for Humanity:** This non-profit organization's focus is for the rehabilitation and development of 1-4 family dwellings for low and moderate-income individuals. For calendar year 1999, the bank provided grants to this organization.
- **Framingham Housing Authority:** The bank provided funds in 1999 for the Framingham Housing Authority's Self-Sufficiency Program. The fund assists low-

income housing (Section 8 Housing) residents with vocational training needed to gain economic independence.

- **MetroWest Latin American Center/South Middlesex Latin Emergency Services (SMILES):** In May of 1999, MetroWest committed to provide the MetroWest Latin American Center/SMILES with a rental subsidy for additional space at the SMILES Children's Center serving low and moderate-income families with child day care needs.

## **CONCLUSION (Investment Test)**

As depicted above, MetroWest Bank has a satisfactory level of qualified community development investments and grants, and has exhibited adequate responsiveness to credit and community economic development needs.

## **SERVICE TEST**

The Service Test evaluates an institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of an institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The following describes the institution's services.

The bank's systems for delivering retail-banking services are readily available to geographies and individuals of all income levels throughout its assessment area. Low cost checking and savings products are offered and customers may access account information via telephone, 24 hours per day, seven days a week, in addition to access via the Internet and regular mail.

MetroWest Bank's officers and staff at all levels have addressed community credit needs through their involvement in a wide range of community organizations, particularly those targeted to low-and-moderate-income individuals throughout the assessment area. The variety of products and services offered to consumers meets the needs of the communities served. The following details the institution's services.

### **Retail Banking Services**

MetroWest Bank's main office is located in downtown Framingham in a middle-income census tract contiguous to a moderate-income census tract. The bank also maintains an office in Milford that is located in a moderate-income census tract. The remaining full-service offices, freestanding ATMs and the loan production office are located in middle or upper-income census tracts. The full service branches include five in Framingham, and one each in Holliston, Ashland, Westborough, Marlborough, Needham, Sudbury, Concord, Natick, Wellesley, and Waltham. The bank recently opened a loan production office (LPO) with an ATM in Boston's Financial District.

Branch hours are considered convenient and comparable to other local institutions, and services of the bank appear sufficient to meet the needs of the assessment area. Office hours are 9:00am to 4:00pm, Monday through Friday, with extended hours until 6:00pm on Fridays, with the exception of the Park Street office in Framingham, and the offices in Natick, Wellesley, and Waltham. In addition, all offices maintain Saturday morning hours with the exception of the Waltham Office. Ten offices have drive-ups and all offices have a night depository including the new Boston LPO.

MetroWest maintains Automated Teller Machines (ATMs) at all of its offices, with the exception of the Marlborough Office. A freestanding ATM is located in the vicinity of the office. The bank maintains an additional eleven freestanding ATM locations. One such ATM is located at 112 Hollis Street within the only moderate-income census tract in Framingham. The ATMs are linked to the NYCE, CIRRUS, TX, and Exchange networks. In addition, the bank is a member of the SUM program, an ATM surcharge-free alliance of financial institutions.

MetroWest also offers a MasterMoney/ATM Card, which can be used to purchase goods and services or withdraw money at any establishment or terminal that displays the MasterMoney or MasterCard logo. There are no transaction fees associated with the MasterMoney Card when performed within the network affiliates noted above or at a MetroWest 24 ATM.

Currently, there are 38 bilingual employees to assist the non-English speaking customers and potential customers at the bank. Second languages spoken include French, Italian, Portuguese, Arabic, Sinhalese, Hebrew, Chinese, Greek, Polish, Hungarian, Russian, Swedish, Hindi, and Spanish. In addition, several of the bank's brochures are available in Spanish and Portuguese. It should be noted that MetroWest was the first financial institution in Massachusetts to introduce a trilingual ATM. The Hollis Street freestanding ATM in Framingham and the Milford Office ATM are trilingual. As a result, the bank is able to provide better service to customers of various ethnic backgrounds.

### **Branch Closing/Opening Policy**

MetroWest Bank maintains a Branch Closing and Opening Policy, which outlines the bank's procedures for closing and opening branches. The policy meets regulatory requirements concerning branch closing notification and policies. Since the last FDIC examination, no offices have been closed. On September 27, 2000, the bank opened a Loan Production Office at 15 Broad Street in Boston's Financial District to serve the needs of Boston's business customers. In addition, the Division approved an application for the bank to open a full service office in Franklin, Massachusetts that is under construction and will open in early 2001. Since the last FDIC examination the bank opened seven new freestanding ATMs.

The bank participates in the Massachusetts Community and Banking Council's Basic Banking Program, which offers low-cost basic checking and savings accounts.

MetroWest Bank also offers an alternative delivery system - "Direct Access24," a 24-hour automated telephone banking system. Customers can access deposit and loan

balances and information, transfer funds between accounts, make residential mortgage and installment loan payments, and access branch locations and business hours.

MetroWest has expanded its Internet banking capabilities by offering MetroWeb at [www.metrowestbank.com](http://www.metrowestbank.com). This service allows customers to check their balances, view account activity, transfer funds or pay bills within the U.S. Customers can make loan payments, download transaction information to Microsoft® Money, Quicken® or other spreadsheet software. Other on-line features include the ability to apply for credit, open savings or certificate accounts and use a financial calculator to calculate payments on loans. In addition, customers may view images of cleared checks, in their own handwriting and be notified via e-mail when checks are cleared or when their account balance changes.

The bank recently introduced MetroWeb Business, Internet banking designed specifically for small and medium-size businesses at [www.metrowestbank.com](http://www.metrowestbank.com). This on-line service allows business customers to review all daily account activity, view on-line check images, transfer funds between accounts, set up bill payment schedules and create customized cash flow reports. In addition, the business customer has the ability to download personal financial management software, initiate ACH transactions, send wires and initiate electronic tax payments.

MetroWest offers “MetroLink,” a personal computer banking software program designed for small and medium sized businesses. This software allows businesses to obtain account balances, transfer funds, reconcile accounts, and establish cash positions. Businesses can receive a summary of the previous day’s balances and account activity by 7:30 a.m. each day by requesting MetroWest AM Fax service. The cost of the software for these services is \$150.00 plus monthly maintenance fees that are waived with compensating balances.

MetroWest bank offers The Sweep Program that allows businesses to invest surplus funds from their business account. This program works best for medium sized businesses having surplus funds, but not having the resources to manage those funds on a daily basis automatically. The bank monitors and determines the surplus (or deficit) and invests those funds or redeems that portion of an existing investment, to maintain a predetermined target balance.

### **Other Services**

#### **Federal Home Loan Bank of Boston Affordable Housing Program (FHLB APH)**

In 1996, MetroWest Bank assisted Advocates, Inc., Prospect Street Project in applying for a grant under the FHLB Affordable Housing Program. The grant was used to renovate a vacant building and develop affordable rental units at Prospect Street Apartments located in Marlborough, Massachusetts. MetroWest continues to monitor the project’s compliance with affordable housing requirements. The monitoring of this project will continue for a 15-year period.

In 1998, MetroWest acted in the same capacity described above for the Natick Village Project in which the Federal Home Loan Bank provided gap financing for the acquisition

and rehabilitation of six condominium units. The organization upgraded the units in order to provide full accessibility and permanent affordability to six disabled adults. The bank also continues to monitor the project for compliance with affordable housing requirements.

### **Federal Home Loan Bank of Boston (FHLBB) Award Nominations**

MetroWest Bank submitted to the FHLBB all the necessary documentation to nominate Framingham Adult English as a Second Language Program for the 2000 Community Development Award. As previously mentioned this program promotes adult education and literacy in Framingham, which in turn fosters employment opportunities and economic development.

### **Interest on Lawyers' Trustee Accounts (IOLTA)**

MetroWest Bank paid the IOLTA fund \$63,263 for 1999 and \$47,933 for YTD September 30, 2000. These funds represent interest earned on attorney's trust accounts for client's funds. The interest earned on these accounts is remitted to the IOLTA committee for distribution to local organizations that provide low or no cost legal services to low-income individuals.

### **Savings Makes "Cents"**

MetroWest Bank is also involved in the Commonwealth of Massachusetts "Savings Makes Cents" program for fifth graders at the Framingham Elementary School. The goal of this program is to teach children the basics of how to manage their funds.

### **Nellie Mae**

MetroWest Bank is committed to ensuring that students and parents have access to education financing. Although the bank does not offer specific education loan programs, Nellie Mae loan packages are available to the general public at all MetroWest locations. Nellie Mae is a leading national student loan provider that offers Subsidized or Unsubsidized Federal Stafford Loan programs and Federal Plus Loans for parents of students.

### **Community Development Services**

The revised CRA regulation defines a community development service as a service whose purpose is primarily community development and is related to the provision of financial services. Through the participation of its directors, management and employees, the bank is involved in providing support to local community development programs and projects. Through these involvements, the bank's staff lend their technical expertise, experience and judgment to these organizations. Detailed below is a sample of MetroWest Bank's qualified community development services.

### **Involvement in Community Organizations**

- **Framingham Adult English as a Second Language Program:** The majority of the individuals served by this program are low and moderate-income individuals. The bank's President serves as Chair of this organization ensuring the level of funds needed to support this organization are raised. In addition, MetroWest Bank's Marketing Department provides all of the collateral support for fundraising efforts.
- **Frederick A. Rubin Micro-Loan Fund:** This fund provides financing for existing small businesses and start-up businesses in the MetroWest region that are unable to access credit through traditional banking avenues. This is due to either a lack of credit history, limited business experience, or the businesses are looking for loans below industry wide lending thresholds. The bank's Vice President of Loan Review serves on the loan committee.
- **Framingham Community Development Block Grant Loan Committee (CDBG):** This micro loan fund provides block grant funds for loans or credit enhancements to businesses who in turn must establish one job opportunity for a low or moderate-income individual. The bank's Vice President of Loan Review serves as member of the loan committee.
- **Design Review Committee for façade and signage Community Development Block Grant Funding:** This committee distributes block grant funds for downtown façade improvements and signage for depressed areas such as downtown Framingham. The bank's Vice President of Loan review serves on the review committee.
- **Framingham Coalition for the Prevention of Alcohol and Drug Abuse:** The bank's Assistant Vice President and Branch Manager is the Treasurer and a Board member of this organization. The organization also provides Latino/Hispanic Advocacy support assistance for victims of domestic abuse, and provides legal service for those unable to pay.

### **Educational Seminars and Services**

Bank officers and employees have also participated in seminars and other events sponsored or co-sponsored by the bank during 1999 through YTD October 15, 2000. These events provide opportunities for bank representatives to inform those in attendance about the products and services offered by the bank and to gain information about unmet credit needs in the community.

The bank conducted three first time homebuyer seminars on March 24, 1999, October 20, 1999, and March 15, 2000. These seminars were conducted in various MetroWest Bank office locations. Topics included: how to qualify for a mortgage, how much house a potential borrower can afford, how to apply for a mortgage loan, and discussion of the bank's current mortgage loan programs. In addition to a free mortgage loan prequalification session, all attendees that were prequalified were given a pre-approval certificate that entitles them to a \$300.00 savings on closing costs.

The bank, along with other area banks, municipalities, and realtors serving within the bank's assessment area conducted homebuyer-counseling workshops and affordable housing seminars. The following is a sample of the seminars conducted.

- On March 23, 1999 and March 14, 2000 a mortgage representative, participated in a Homebuyer Training Program sponsored by the South Middlesex Non Profit Housing Corporation.
- On November 16, 1999 and July 18, 2000 a mortgage representative was one of the presenters at a Homebuyer's seminar sponsored by SMOC Housing, a subsidiary of South Middlesex Opportunity Council, Inc.

A mortgage representative for the bank regularly calls on the Town of Framingham's Planning Department Community Development Coordinator to discuss the bank's mortgage products that would be helpful to low and moderate-income applicants in conjunction with the grants and closing cost assistance programs offered through the Town of Framingham.

### **CONCLUSION (Service Test)**

In summary, MetroWest Bank's systems for delivering retail-banking services are readily accessible to geographies and individuals of different income levels within its assessment area. Bank management and employees have taken leadership roles in organizations that promote economic development or target the revitalization of business communities. The bank's business Internet services are geared to help small and medium sized businesses monitor their accounts. Based on the above information, the bank's performance under the service test is considered "Outstanding".

## **APPENDIX A**

### **SCOPE OF EXAMINATION**

MetroWest Bank has one assessment area which was reviewed using the examination procedures for large banks. As previously mentioned the opening of the new LPO in Boston's Financial District has created an additional assessment area that will be analyzed in future examinations.

The CRA evaluation included small business loans, HMDA-reportable loans and Equity Lines of Credit. The time period used for HMDA-reportable and small business loans was January 1, 1999 to September 8, 2000.

The bank's qualified investments were also reviewed and exhibit a satisfactory responsiveness to credit and community economic development needs.

In addition, the bank's systems for delivering retail banking services and the provision of community development services were considered Outstanding.

MetroWest Bank has branch locations in the Boston Metropolitan Statistical Area (MSA) and the Worcester MSA.

Internal analysis generated by management was reviewed during the examination, as was comparative data for the assessment area obtained from CRA WIZ. The examination also included a review of the bank's Public File, which contained no negative CRA-related comments.



## **APPENDIX B**

### **MetroWest Bank's Lending Performance Within the Boston and Worcester MSA's**

MetroWest Bank's assessment area involves both the Boston and the Worcester MSAs. The Boston MSA contains the following 19 cities and towns within the bank's assessment area: Framingham, Ashland, Holliston, Milford, Natick, Southborough, Sudbury, Hopkinton, Marlborough, Medway, Needham, Wellesley, Wayland, Sherborn, Concord, Weston, Lincoln, Waltham, and Newton. All of the moderate-income census tracts within the bank's assessment area are located within the Boston MSA. Those communities within the bank's assessment area that are in the Worcester MSA are Northborough, Shrewsbury, and Westborough.

# THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

## **METROWEST BANK**

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **OCTOBER 15, 2000**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors/Trustees

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_

# PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at ( )."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that assessment area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction, and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.